

Message Text

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20

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01

PM-07 SAB-01 SCEM-02 IO-14 DRC-01 /203 W

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P R 241030Z DEC 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC PRIORITY 2651

INFO AMEMBASSY TEHRAN

AMEMBASSY JIDDA

C O N F I D E N T I A L THE HAGUE 5630

E.O. 11652: GDS 12/31/79

TAGS: ENRG EFIN NL

SUBJECT: OPEC PRICE INCREASE

REF: A) THE HAGUE 5628

B) STATE 249382

C) STATE 249803

FONOFF POLITICAL DIRECTOR GENERAL TELEPHONED DCM
MORNING OF DEC 23 TO REPORT STEPS TAKEN AS RESULT
OF DEMARCHE MADE TO HIM BY THE AMBASSADOR THE DAY
BEFORE. AFTER TALKING TO FONMIN VAN DER STOEL,
MINISTRY OF ECONOMIC AFFAIRS DIRECTOR GENERAL
WANSINK AND SEVERAL OTHER OFICIALS CONSENSUS WAS
THAT THEY WERE SURE THAT INFORMATION GIVEN TO US
OFFICIALS WAS BY AND LARGE CORRECT ALTHOUGH DUTCH
OFFICIALS THOUGHT IT WAS VERY LATE IN THE DAY TO
BE MAKING DEMARCHES TO THE OPEC GOVERNMENTS.
THE TENDENCIES TO DETERMINE PRICES AND TO RAISE THEM
UNILATERALLY HAD BEEN THERE SOME TIME.

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2. AFTER NOTING FUTILITY FOR DUTCH OF KNOCKING ON CLOSED ARAB DOOR, AND CONVERSELY, OF NEED NOT TO ROCK THE BOAT WITH THE IRANIANS WHO WERE CURRENTLY SUPPLYING MOST OF THE NETHERLANDS' PETROLEUM IMPORTS VAN LYNDEN SAID GON HAD ALREADY MADE APPROACH TO THE INDONESIAN GOVERNMENT ABOUT 10 DAYS AGO. THE INDONESIANS DIDN'T GIVE MUCH OF AN ANSWER, ACCORDING TO VAN LYNDEN, BUT AT LEAST THEY GOT THE MESSAGE.

3. AS A RESULT OF US APPROACH, VAN LYNDEN CONTINUED, VAN DER STOEL HAD APPROVED INSTRUCTIONS TO GON AMBASSADOR IN IRAN TO MAKE APPROACH TO GOI IN MODERATE VEIN BUT ONLY IF SEVERAL OTHER WESTERN EUROPEAN COUNTRIES WERE TAKING SAME ACTION. NETHERLANDS AMBASSADOR HAS ALSO BEEN DIRECTED TO BE ACTIVE LOBBYING AT THE OPEC CONFERENCE, IF HE COULD GET IN; IF NOT, ON THE MARGINS OF IT.

4. FINALLY, VAN LYNDEN SAID, DUTCH ARE CONSULTING WITH BRITISH, FRENCH AND ITALIANS. SO FAR AS THE DUTCH HAVE LEARNED, ONLY THE BRITISH HAVE DONE ANYTHING, BY MAKING DEMARCHE TO ALL OPEC CAPITALS.

5. IN CONCLUDING, VAN LYNDEN REITERATED THAT EXPECTATION OF OPEC PRICE INCREASE WAS EVIDENT SEVERAL DAYS AGO. DCM REPLIED THAT THREAT FACING US WAS THAT OF MASSIVE ESCALATION OF PETROLEUM PRICE WHICH HAVE A CATASTROPHIC EFFECT ON THE WORLD ECONOMY. AS AMBASSADOR AKINS HAD POINTED OUT, A TREBLING OF THE REALIZED PRICE WOULD RAISE THE TOTAL BILL FOR IMPORTS OF PETROLEUM TO 150 BILLION DOLLARS A YEAR, AND THERE JUST WASN'T THAT KIND OF LIQUIDITY IN THE WORLD.
GOULD

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